
PROPOSED ACQUISITION OF LAND USE RIGHT AND FACTORY BUILDING BY A SUBSIDIARY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Koda Saigon Company Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, has entered into a Memorandum of Understanding (“**MOU**”) with Van Kim Toan One Member Company Limited (the “**Vendor**”) in relation to the proposed acquisition of Land Use Right and a factory building in Long An Province, Vietnam (the “**Proposed Acquisition**”).

2. INFORMATION ON LAND USE RIGHT AND FACTORY BUILDING

The Land Use Right relates to an industrial land situated at Lot D14, Road No. 09, Thuan Dao Industrial Park’s expansion phase, Long Dinh Commune, Can Duoc District, Long An Province, Vietnam, which has an area of approximately 13,768 m² (the “**Land Use Right**”). The term of the Land Use Right is valid until 6 September 2061.

The aggregate built-in area for the factory building (including office space) is approximately 8,473 m² (the “**Factory Building**”).

3. PURCHASE CONSIDERATION

The aggregate purchase consideration for the Proposed Acquisition is VND105,142,848,705 (inclusive of VAT) or approximately US\$4,539,846 (based on an exchange rate of US\$1:VND23,160 as at the date of this announcement), which comprises the following:

Descriptions	Amount in VND’000 (inclusive of VAT)	Estimated Amount in US\$’000
Land Use Right	64,432,258,785	2,782,049
Factory Building	40,710,589,920	1,757,797
Total	105,142,848,705	4,539,846

The Purchase Consideration was arrived at on a willing-buyer-willing-seller basis, taking into account various commercial factors, including but not limited to the location of the land and factory building and current market prices for such properties in the surrounding vicinity.

The Purchase Consideration shall be paid as follows:

- (i) A deposit of VND19,200,000,000 (Equivalent to approximately US\$829,016) shall be payable upon execution of the MOU (“Deposit”); and
- (ii) The remaining Purchase Consideration of VND85,942,848,705 (Equivalent to approximately US\$3,710,830) shall be payable in four instalments subject to fulfillment of certain milestones in connection with the Proposed Acquisition, among others, issuance of certificates by relevant regulatory authorities (“**Milestones**”). The Deposits paid shall be fully refundable within 15 days if the Milestones are not achieved.

4. RATIONALE

The Group is proposing to acquire the Land Use Right and the Factory Building (which is situated approximately 2 kilometers from the Group’s current main factory buildings in Vietnam) to expand (i) the capacity for its mixed-materials furniture production facilities and (ii) store and warehousing in anticipation of increasingly higher orders book. The Group had disclosed in its results announcement for 6 months ended 31 December 2020 that it managed to sustain export sales to its key markets given higher demand for furniture and it continues to see encouraging growth in its export orders, which it needs to expand production capacity and supply chain to meet delivery lead time.

5. VALUE OF LAND USE RIGHT

The Group will appoint a globally recognised valuer to conduct an independent valuation of the Land Use Right and the Factory Building and an independent valuation report will be issued prior to the completion of the Proposed Acquisition.

6. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Purchase Consideration will be funded by the Group’s internal resources and bank borrowings.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition on the earnings per share and the net tangible assets per share based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 are not expected to be material.

8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

Rule 1006 of the Listing Manual	Descriptions	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared to with the Group’s net profits.	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	12.4% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition,	Not applicable ⁽⁴⁾

	compared with the number of equity securities previously in issue.	
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) The Proposed Acquisition is an acquisition of assets and not a disposal of assets.
- (2) There are no net profits attributable to the Land Use Right and the Factory Building.
- (3) Based on the Company's market capitalisation of approximately US\$36,489,332 or S\$49,260,598 as at the date of this Announcement.
- (4) No equity securities are being issued by the Company as consideration for the Proposed Acquisition.
- (5) The Proposed Acquisition is an acquisition of assets and not a disposal of assets. In addition, the Company is not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a "Discloseable Transaction" under Chapter 10 of the Listing Manual.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

10. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition and no service contracts in relation thereto is proposed to be entered into by the Group.

11. DOCUMENTS FOR INSPECTION

A copy of the MOU in relation to the Proposed Acquisition can be inspected at the registered office of the Company at 28 Defu Lane 4, Singapore 539424, during normal business hours for three (3) months from the date of this Announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update its shareholders when there are material updates in relation to the Proposed Acquisition, as may be necessary or appropriate.

13. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In particular, shareholders and potential investors of the Company should note that there is no assurance that any transactions mentioned in this Announcement will materialise. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of Directors of
Koda Ltd

James Koh Jyh Gang
Executive Chairman and Chief Executive Officer

25 March 2021